

Colorado Legislative Council Staff Fiscal Note


**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-1042
Prime Sponsor(s): Sen. Aguilar
 Rep. Ginal

Date: April 14, 2015
Bill Status: Senate SVMA
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: MEDICAL MARIJUANA PRODUCT TESTING

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	\$129,600	\$59,400
Cash Funds	129,600	59,400
State Expenditures	\$73,898	\$64,717
Cash Funds	62,230	52,295
Centrally Appropriated Costs**	11,668	12,422
TABOR Set-Aside	\$129,600	\$59,400
FTE Position Change	0.9 FTE	1.0 FTE
Appropriation Required: \$62,230 - Department of Revenue (FY 2015-16)		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill authorizes the creation of a medical marijuana testing facility license and requires that medical marijuana and medical marijuana-infused products be tested. Mandatory testing cannot begin until a marijuana laboratory testing reference library is created. Because the reference library is created under House Bill 15-1283, the implementation of this bill is conditioned upon the passage of HB 15-1283.

A person with a financial interest in a medical marijuana testing facility license cannot also have a financial interest in any other marijuana license type with the exception of a retail marijuana testing facility license.

Background

The Medical Marijuana Medical Code was enacted in 2010 to provide a regulatory structure for medical marijuana centers, cultivation facilities, and medical marijuana-infused product manufacturers. The Marijuana Enforcement Division (MED) in the DOR is the licensing authority and primary regulator for medical marijuana businesses. The Retail Marijuana Code, which was enacted in 2013, requires that retail marijuana be tested. There are currently 19 licenced retail marijuana testing facilities. Retail marijuana testing facilities can become dually licensed to do medical marijuana testing by endorsement. Under the Medical Marijuana Code testing is optional.

State Revenue

This bill will increase revenue to the Marijuana Cash Fund by \$129,600 in FY 2015-16 and by \$59,400 in FY 2016-17. Licensees pay a one-time application fee and annual license fees.

Assumptions. The fiscal analysis is based on the following assumptions:

- 18 medical marijuana testing facilities will apply for licensure in FY 2015-16; and
- 2 medical marijuana testing facilities will apply for licensure in FY 2016-17.

Fee impact on individuals and business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill.

Table 1. Fee Impact on Medical Marijuana Testing Facilities			
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Application Fee - FY 2015-16	\$5,000	18	\$90,000
License Fee - FY 2015-16	2,200	18	39,600
FY 2015-16 TOTAL			\$129,600
Application Fee - FY 2016-17	\$5,000	2	\$10,000
License Fee - FY 2016-17	2,200	20	44,000
Renewal Fee - FY 2016-17	300	18	5,400
FY 2016-17 TOTAL			\$59,400

TABOR Impact

This bill increases state revenue from fees, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

State Expenditures

This bill increases expenditures for the Department of Revenue by \$73,898 and 0.9 FTE in FY 2015-16 and \$64,717 and 1.0 FTE in FY 2016-17. Costs are shown in Table 2 and explained below.

Table 2. Expenditures Under SB15-260		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$47,067	\$51,345
FTE	0.9 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,653	950
Computer Programming	9,510	0
Centrally Appropriated Costs*	11,668	12,422
TOTAL	\$73,898	\$64,717

** Centrally appropriated costs are not included in the bill's appropriation.*

Marijuana Enforcement Division, Department of Natural Resources. The MED will promulgate rules related to the new license and begin processing applications. The MED will add a compliance investigator so that there will be sufficient staffing to regularly inspect the increased number of laboratory testing facilities and analyze an increased number of test results for accuracy of findings. Personal services costs are prorated to account for the August 5, 2015, effective date. The MED will have a one-time programming cost of \$8,480 for the GenTax system. The Office of Information Technology will update the MED licensing system to accommodate the new license at a cost of \$1,030.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,020	\$8,028
Supplemental Employee Retirement Payments	3,648	4,394
TOTAL	\$11,668	\$12,422

**More information is available at: <http://colorado.gov/fiscalnotes>*

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2015-16, the Department of Revenue requires an appropriation of \$62,230 from the Marijuana Cash Fund and an allocation of 0.9 FTE. Of this, the Office of Information Technology requires \$1,030 in reappropriated funds.

State and Local Government Contacts

Revenue

Public Health and Environment

Governor's Marijuana Office